

February 11, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

2002-03 GENERAL FUND/ENTERPRISE HOSPITALS 5-MONTH BUDGET STATUS REPORT

Attached is a summary of the 2002-03 General Fund/Enterprise Hospitals 5-month Budget Status Report (BSR), based on the actual experience through November 2002 (Attachment I). This report reflects a net estimated year-end operating fund balance deficit of \$(50.9) million.

Budget Status Overview

The budgets reflecting over \$1.0 million in savings, which generate available operating fund balance, include the Assessor, Auditor-Controller, Child Support Services, Nondepartmental Revenue, Parks and Recreation, Provisional Financing Uses, Public Defender, Public Social Services-Assistance, and the Treasurer and Tax Collector. The budgets reflecting over \$1.0 million in savings to be re-appropriated in 2003-04 for its programs include Extraordinary Maintenance and Capital Projects. While the Department of Health Services (DHS) is showing operating savings of \$50.2 million, including savings from prior-year activities, these savings do not contribute to the overall General Fund balance and must be carried-over by the DHS to meet its statutory Maintenance of Effort (MOE) requirements. The DHS estimate was based upon the best information available at the time and is now being updated. The budgets currently reflecting deficits over \$1.0 million include Children and Family Services-Assistance and Trial Courts Operations. Detailed explanations are provided for departments with variances over \$1.0 million in net County cost (Attachment II).

In addition, my office has projected variances in other one-time and economically driven elements, which include shortfalls in Proposition 172 of \$(32.6) million and Realignment Sales Tax Revenue of \$(38.7) million, offset by projected net savings from additional Property Tax Revenues of \$5.0 million.

This report does not reflect any impact from the \$34.6 billion State budget gap projected for the next eighteen months.

Overtime

Attached is the overtime report for the General Fund, Special Funds, Special Districts, Enterprise Funds, and Internal Service Fund (see Attachment III). The Countywide total for overtime is estimated to be below the budgeted amount by \$29.5 million, primarily due the Sheriff Department's reallocation of personnel to areas where work was normally performed on an overtime basis. Detailed explanations are provided for those departments in excess of their overtime budget and for those departments with savings over a \$500,000 (Attachment IV).

Departmental Estimates

Departments have been requested to submit, for Board review, their best estimate of expenditures and revenues, and to identify any pending factors that may cause their estimates to change significantly between now and the end of the fiscal year. This information is included in Attachment V. The appropriate department head or designee has signed all departmental estimates.

Factors Which Could Affect Fund Balance

Fund balance is a dynamic figure, derived from the difference between the budget amounts and the estimates of expenditures and revenues at year-end. Major factors that could affect fund balance include the final accounting of property taxes, prior-year revenue accruals, and the accounts payable/commitment. Therefore, fluctuations in these factors may result in changes in the "Estimated Fund Balance Available" shown on Attachment I.

If you have any questions, please do not hesitate to call me or your staff may contact Sid Kikkawa at (213) 974-1133.

DEJ:DL
SK:AC:vyg

Attachments

c: Executive Office, Board of Supervisors (w/o attachments)
 County Counsel (w/o attachments)
 Auditor-Controller (w/o attachments)

**2002-03 GENERAL FUND/ENTERPRISE HOSPITALS
BUDGET STATUS (NCC) - 5th-Month**

	Budgeted 2002-03	Adjusted Budget	5-Month Estimates	Change From Budgeted 2002-03	Change From Adjusted Budget
<u>Operating Budgets</u>					
• Assessor	70,159,000	70,159,000	65,827,000	4,332,000	4,332,000
• Auditor-Controller	16,701,000	16,701,000	14,996,000	1,705,000	1,705,000
• Child Support Services	0	0	(4,871,000)	4,871,000	4,871,000
• Children & Family Services-Assistance Pymts	\$ 49,390,000	\$ 49,390,000	\$ 68,784,000	\$ (19,394,000)	\$ (19,394,000)
• Health Services/Enterprise Hospital Summary	609,724,000	609,724,000	559,497,000	50,227,000	50,227,000
• Parks & Recreation	63,059,000	63,059,000	60,936,000	2,123,000	2,123,000
• Public Social Services-Assistance Summary	250,577,000	250,577,000	245,615,000	4,962,000	4,962,000
• Treasurer & Tax Collector	20,555,000	20,555,000	18,271,000	2,284,000	2,284,000
• Contribution to Trial Court Operation Fund	179,363,000	179,363,000	181,677,000	(2,314,000)	(2,314,000)
• All Others	1,860,709,000	1,860,694,000	1,859,672,000	1,037,000	1,022,000
Subtotal Operating Budgets	\$ 3,120,237,000	\$ 3,120,222,000	\$ 3,070,404,000	\$ 49,833,000	\$ 49,818,000
<u>Nonoperating Budgets</u>					
• Capital Projects	218,016,000	\$ 217,964,000	\$ 84,953,000	\$ 133,063,000	\$ 133,011,000
• Extraordinary Maintenance	50,464,000	50,464,000	32,370,000	18,094,000	18,094,000
• Nondepartmental Revenue	\$ (1,372,355,000)	\$ (1,372,355,000)	\$ (1,388,155,000)	\$ 15,800,000	\$ 15,800,000
• All Others	144,689,000	144,689,000	144,638,000	51,000	51,000
Subtotal Nonoperating Budgets	\$ (959,186,000)	\$ (959,238,000)	\$ (1,126,194,000)	\$ 167,008,000	\$ 166,956,000
Operating/Nonoperating Budgets Subtotal	\$ 2,161,051,000	\$ 2,160,984,000	\$ 1,944,210,000	\$ 216,841,000	\$ 216,774,000
• Appropriation for Contingencies	\$ 100,322,000	\$ 100,322,000	\$ 100,322,000	\$ 0	\$ 0
Subtotal	\$ 2,261,373,000	\$ 2,261,306,000	\$ 2,044,532,000	\$ 216,841,000	\$ 216,774,000
<u>Adjustments to Fund Balance</u>					
• Property Tax-Regular	1,595,780,000	1,595,780,000	1,600,780,000	5,000,000	5,000,000
• Property Tax-Supplemental	35,500,000	35,500,000	35,500,000	0	0
• Reserves/Designation-GF	(172,385,000)	(172,385,000)	(172,385,000)	0	0
• Reserves/Designations-DHS	0	0	(50,227,000)	(50,227,000)	(50,227,000)
• Cancellation of PY Reserves/Designations	93,322,000	93,322,000	93,322,000	0	0
• Cancellation of PY Res/Design-Health	105,800,000	105,800,000	105,800,000	0	0
• Fund Balance	603,356,000	603,356,000	603,356,000	0	0
• Prop 172 Shortfall-Sheriff	0	0	(27,632,000)	(27,632,000)	(27,632,000)
• Prop 172 Shortfall-District Attorney	0	0	(4,957,000)	(4,957,000)	(4,957,000)
• Realignment Shortfall-Mental Health	0	0	(784,000)	(784,000)	(784,000)
• Realignment Shortfall-Public Social Services	0	0	(37,938,000)	(37,938,000)	(37,938,000)
• Other Adjustments	0	(67,000)	(67,000)	(67,000)	0
Adjustments to Fund Balance Subtotal	\$ 2,261,373,000	\$ 2,261,306,000	\$ 2,144,768,000	\$ (116,605,000)	\$ (116,538,000)
Estimated Year-End Fund Balance	\$ 0	\$ 0	\$ 100,236,000	\$ 100,236,000	\$ 100,236,000
<u>Carryovers to 2003-04</u>					
Capital Projects	\$ 0	\$ 0	\$ (133,011,000)	\$ (133,011,000)	\$ (133,011,000)
Extraordinary Maintenance	0	0	(18,094,000)	(18,094,000)	(18,094,000)
Subtotal of Carryovers to 2003-04	\$ 0	\$ 0	\$ (151,105,000)	\$ (151,105,000)	\$ (151,105,000)
Estimated Fund Balance Available	\$ 0	\$ 0	\$ (50,869,000)	\$ (50,869,000)	\$ (50,869,000)

ATTACHMENT II

2002-03 5-MONTH BUDGET STATUS REPORT EXPLANATION OF OPERATING/NONOPERATING BUDGETS VARIANCES FROM ADJUSTED BUDGET

DEPARTMENT

VARIANCE (NCC)

OPERATING BUDGETS

Assessor \$4,332,000

The under-expenditure is primarily attributable to savings in salaries and employee benefits due to hiring delays and vacancies.

Auditor-Controller \$1,705,000

The reflected variance is primarily attributable to savings in salaries and employee benefits due to hiring delays and vacancies and over-realized revenues from SB813, the supplemental administrative fees from the Property Tax Administration Program.

Child Support Services \$4,871,000

The net County cost savings is a result of additional State reimbursement for previously unbilled services to Child Support from the other County departments (OMB-A87). Child Support is required to return this to the County.

Department of Children and Family Services - Assistance \$(19,394,000)

Note : The Department's BSR has been submitted as a placeholder while we continue to work with DCFS to refine its projected FY 2002-03 costs. Two main factors contribute to the reported over-budget condition:

- Under-budgeted Assistance Payments: This is primarily due to: 1) higher than expected caseloads and/or case costs for Aid to Families with Dependent Children-Foster Care (AFDC-FC), Emergency Assistance (EA), Kin-GAP, General Relief Ineligible programs (GRI), and Adoptions partially offset by under-expenditures in Seriously Emotional Disturbed Children (SED), and 2) the under-realization of revenues for AFDC-FC and SED, partially offset by over-realization of revenues in EA, Kin-GAP, and Adoptions Programs. This accounts for approximately \$14 million of the total.*

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2002-03 5-MONTH BUDGET STATUS REPORT EXPLANATION OF OPERATING/NONOPERATING BUDGETS VARIANCES FROM ADJUSTED BUDGET

5 month BSR 03_II

- *Planned phase-down and closure of MacLaren Children's Center (MCC): This impacts DCFS through costs associated with hard-to-place children who would have been placed at MCC (e.g., twelve GH beds at RCL 14, four therapeutic beds, and 54 CTF beds). This is roughly estimated at approximately \$5.0 million in additional Assistance costs in this analysis.*

This estimate is subject to significant change in upcoming months should the phase-down result in closure of MCC, and the impact on Assistance costs becomes more apparent.

Health Services

\$50,227,000

The operating savings of \$50.2 million is attributable to a current year savings of \$47.3 million and a prior year surplus of \$2.9 million. The \$47.3 million current year surplus consists of \$50.2 million savings in salaries and employee benefits, primarily due to vacancies and hiring delays; \$83.0 million in savings in services and supplies, primarily due to an accounting adjustment in Health Services Administration charges and less than anticipated information system costs; and \$7.0 million in other savings due primarily to less than anticipated medical malpractice costs. These savings totaling \$140.2 million are partially offset by a \$92.9 million reduction in revenue and intrafund transfers, primarily from reduced revenues associated with operating savings, including the accounting adjustment in Health Services Administration revenue. The \$2.9 million prior year surplus consists primarily of over realized prior year revenue.

Parks and Recreation

\$2,123,000

Savings primarily attributable to permanent vacancies and delays in moving to a new administrative headquarters, partially offset by lower than anticipated IFT due to soft cost billing limitations for reimbursable project management time, and a continuing downward trend in golf revenues.

Public Social Services-Assistance

\$4,962,000

The net County cost savings is a result of lower than estimated caseloads in CalWORKs,

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2002-03 5-MONTH BUDGET STATUS REPORT EXPLANATION OF OPERATING/NONOPERATING BUDGETS VARIANCES FROM ADJUSTED BUDGET

General Relief and the Refugee Resettlement Program, partially offset by increased hours per paid case, cost per case and health benefit costs in the In-Home Supportive Services program. The additional health benefit cost is due to higher than budgeted enrollment.

ATTACHMENT II

2002-03 5-MONTH BUDGET STATUS REPORT EXPLANATION OF OPERATING/NONOPERATING BUDGETS VARIANCES FROM ADJUSTED BUDGET

Treasurer Tax Collector \$2,284,000

Reflects an under-expenditure primarily attributable to savings in salaries and employee benefits due to hiring delays and vacancies, partially offset by a decrease in related revenue reimbursement.

Trial Court Funding \$(2,314,000)

Reflects a \$2.31 million deficit due primarily to: 1) a \$1.25 million increase in salary driven local judicial benefits; 2) a \$560,000 increase in indigent defense due to Rampart related private panel attorney costs, Court Unification, Proposition 36, and attrition; and 3) \$500,000 in other revenue shortfalls.

All Others - Operating \$1,022,000

NONOPERATING BUDGETS

Capital Projects \$133,011,000

The variance reflects net County cost allocated for County capital projects and refurbishments that are required for programming, design, and construction activities but are not anticipated to be expended in 2002-03. Unexpended net County cost will be reappropriated for expenditure in the following fiscal year's budget.

Extraordinary Maintenance \$18,094,000

The primary reason for the under-expenditure is the result of discretionary funds that are not earmarked for any particular project, and \$1.0 million that has been allocated for dredging the Marina. These funds will not be spent this fiscal year and will be reappropriated in the following fiscal year's budget.

Nondepartmental Revenue \$15,800,000

Reflects a projected increase in revenues from Documentary Transfer Tax (\$11.0 million) and Motor Vehicle License Fees-Regular (\$4.8 million).

All Others – Non-Operating \$51,000

ATTACHMENT II

**2002-03 5-MONTH BUDGET STATUS REPORT
EXPLANATION OF OPERATING/NONOPERATING BUDGETS
VARIANCES FROM ADJUSTED BUDGET**

Total Variance (Operating and Non-operating Budgets)	\$216,774,000
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2002-03 OVERTIME- ACTUAL vs BUDGET

DEPARTMENT NAME	2001-02 ACTUAL	2002-03 BUDGET	2002-03 ESTIMATE	VARIANCE From Budget
GENERAL FUND/ENTERPRISE FUNDS				
ADMINISTRATIVE OFFICER	\$ 112,953	\$ 200,000	\$ 200,000	\$ 0
AGRIC COMM/MTS & MEASURES	142,771	228,000	228,000	0
ALTERNATE PUBLIC DEFENDER	42,000	52,000	52,000	0
ANIMAL CARE AND CONTROL	60,651	37,000	60,000	(23,000)
ASSESSOR	1,585,472	700,000	1,106,000	(406,000)
AUDITOR-CONTROLLER	46,397	40,000	40,000	0
BEACHES & HARBORS	31,929	52,000	40,000	12,000
BOARD OF SUPERVISORS	50,166	66,000	66,000	0
CHIEF INFORMATION OFFICER	0	5,000	0	5,000
CHILD SUPPORT SERVICES	936,000	896,000	896,000	0
CHILDREN AND FAMILY SERVICES	26,438,253	19,775,000	24,741,000	(4,966,000)
CHILDREN AND FAMILY SVCS- MacLaren	5,666,000	3,000,000	4,069,000	(1,069,000)
COMMUNITY & SENIOR CITIZENS	161,305	200,000	200,000	0
CONSUMER AFFAIRS	0	2,000	2,000	0
CORONER	406,918	480,000	431,000	49,000
COUNTY COUNSEL	38,388	58,000	58,000	0
DISTRICT ATTORNEY	430,000	600,000	600,000	0
HEALTH SERVICES SUMMARY	55,895,000	51,681,000	56,240,000	(4,559,000)
HUMAN RELATIONS COMMISSION	0	1,000	0	1,000
HUMAN RESOURCES	26,157	62,000	62,000	0
HUMAN RESOURCES/PUBLIC SAFETY	5,106,932	3,637,000	4,522,000	(885,000)
INTERNAL SERVICES DEPARTMENT	4,411,000	5,798,000	5,798,000	0
MENTAL HEALTH	2,821,000	2,479,000	3,245,000	(766,000)
MILITARY & VETERANS AFFAIRS	23,000	15,000	15,000	0
MUSEUM OF ART	40,247	50,000	42,000	8,000
MUSEUM OF NATURAL HISTORY	13,515	16,000	16,000	0
PARKS & RECREATION	665,693	624,000	840,000	(216,000)
PROBATION	9,207,000	6,939,000	7,218,000	(279,000)
PUBLIC DEFENDER	145,000	100,000	208,000	(108,000)
PUBLIC SOCIAL SERVICES	9,741,758	6,000,000	6,000,000	0
REGIONAL PLANNING	342,803	187,000	390,000	(203,000)
REGISTRAR-RECORDER/COUNTY CLERK	3,440,478	1,900,000	4,418,000	(2,518,000)
SHERIFF	93,067,442	90,000,000	55,436,000	34,564,000
TREASURER & TAX COLLECTOR	292,559	319,000	319,000	0
TOTAL- GF / ENTERPRISE FUNDS	\$ 221,389,000	\$ 196,199,000	\$ 177,558,000	\$ 18,641,000
SPEC DIST / SPEC FUND / I.S.F.				
FIRE DEPARTMENT	\$ 92,952,219	\$ 108,279,000	\$ 100,476,000	\$ 7,803,000
PUBLIC LIBRARY	645,000	800,000	775,000	25,000
PUBLIC WORKS	4,905,992	9,000,000	6,000,000	3,000,000
TOTAL- SPEC DIST/SPEC DIST/I.S.F.	\$ 98,503,000	\$ 118,079,000	\$ 107,251,000	\$ 10,828,000
GRAND TOTAL	\$ 319,892,000	\$ 314,278,000	\$ 284,809,000	\$ 29,469,000

**2002-03 5-MONTH BUDGET STATUS REPORT
EXPLANATION OF OVERTIME VARIANCES FROM BUDGET**

DEPARTMENT**OVERTIME VARIANCE****General Fund/Enterprise Hospital**Animal Care and Control

\$(23,000)

Reflects an over-expenditure of \$23,000 in unanticipated overtime due to staff participating in animal rescues and administering medical care as a result of the fires in the Castaic/Santa Clarita and east San Gabriel mountain areas.

Assessor

\$(406,000)

The reflected variance is due mainly to continued support services for the Document Imaging Project, which should have been completed in the prior fiscal year. S&EB savings will compensate for the over-expenditure.

Children and Family Services- Administration

\$(4,966,000)

The projected deficit in overtime appropriation is the result of a greater need for paid overtime than anticipated at the time the budget was developed; however, sufficient Salary and Employee Benefits appropriation is available to fund the overtime.

Children and Family Services- MacLaren Children's Center

\$(1,069,000)

The \$1.1 million deficit is primarily a result of an under-budgeted need for one-on-one supervision, partially offset by savings as a result of the declining population at MacLaren. The deficit is reflective of the potential to continue one-on-one service for youth exiting MacLaren (subject to change as the impacts of DCFS' alternative placement strategies are fully identified).

Health Services Summary

\$(4,559,000)

The overtime deficit is primarily attributable to vacant budgeted nursing positions, resulting from delays in recruitment and an overall industry shortage.

**2002-03 5-MONTH BUDGET STATUS REPORT
EXPLANATION OF OVERTIME VARIANCES FROM BUDGET**

DEPARTMENT**OVERTIME VARIANCE**Human Resources/Office of Public Safety

\$(885,000)

The over-expenditure in overtime is primarily due to the number of sworn vacancies, requests from client departments for additional security services, and an increase in County Police presence in the Parks Bureau during the busy summer season.

Mental Health

\$(766,000)

The overtime estimate exceeds budget due to the following factors:

- Additional staff coverage for holidays, weekends, and unanticipated emergencies in 24-hour/seven day per week operations such as the Jail Program and Harbor/UCLA Outpatient program.
- Completion of MIS data testing and new network infrastructure upgrade of existing networks; computer relocations to new Access Center; upgrades of computer systems to Windows 2000, etc.
- Increased workload for data collection and evaluation for Rand Research and Development within the Juvenile Halls.

Parks and Recreation

\$(216,000)

Overtime deficit is attributable to increased workload for staff as a result of the significant number of permanent vacancies throughout the Department.

Probation

\$(279,000)

Reflects an over-expenditure primarily associated with increased overtime at various camps due to the occurrence of fires, which necessitated the evacuation of minors to other camps. Although a significant amount of overtime occurred during the beginning of the fiscal year, the Department has imposed measures in an effort to eliminate or partially offset this anticipated over-expenditure.

Public Defender

\$(108,000)

2002-03 5-MONTH BUDGET STATUS REPORT
EXPLANATION OF OVERTIME VARIANCES FROM BUDGET

Reflects an over-expenditure primarily attributable to increased hours worked by investigators for case preparation. This over-expenditure is offset by salary savings attributable to attorney attrition.

DEPARTMENT**OVERTIME VARIANCE**Regional Planning

\$(203,000)

Overtime is necessary for staff attendance at General Plan and other community meetings (night), to work on special, urgent projects requested by individual Board offices and the CAO, to provide on-call services pursuant to major project (permit expediting) contracts, and to provide revenue-offset contracted services including zoning enforcement and computerized mapping services. In addition, staff attendance is often required at Friday meetings scheduled by the Board, the CAO, and grant agencies. All activities are consistent with the departmental mission, and many are directly revenue offset.

Registrar-Recorder/County Clerk

\$(2,518,000)

Estimated over-expenditure in overtime is primarily attributed to the higher than normal workload required for Recorder document processing as a result of recent interest rate reductions, which have increased housing market activity, and overtime expenditures offset by increased recording revenue. Additionally, overtime over-expenditures are attributed to the November 2002 General election-related activities resulting from new complex requirements and re-districting workload.

Sheriff's Department

\$34,564,000

Reflects overtime savings due to the reallocation of curtailed personnel to areas where work was normally performed on an overtime basis. Additionally, savings are attributable to the LASD directive to minimize the use of overtime department-wide.

**2002-03 5-MONTH BUDGET STATUS REPORT
EXPLANATION OF OVERTIME VARIANCES FROM BUDGET**

DEPARTMENT**OVERTIME VARIANCE****SPECIAL DISTRICT/SPECIAL FUND/INTERNAL SERVICE FUND***Fire Department*

\$7,803,000

Reflects a projected overtime savings of \$7,800,000 which is primarily attributed to holding more firefighter training classes and placing the graduated firefighters into fire stations to alleviate overtime usage by senior firefighters. Also, the Fire Department has implemented a Budget Correction Plan to reduce spending wherever possible, by monitoring and limiting approvals for the use of overtime by support staff. However, after further evaluation and calculation of firefighter overtime usage, due to the recent wildland fires, this overtime savings may decrease.

Public Works

\$3,000,000

Reflects savings from budgeted contingency for emergency response requirements which is projected to be not fully utilized.

All Others

\$100,000

Total Variance**\$29,469,000**

**2002-03 5-MONTH BUDGET STATUS REPORT
EXPLANATION OF OVERTIME VARIANCES FROM BUDGET**

5 month BSR 03_IV